

SECTION I

INTRODUCTION

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Entities that receive Low Income Housing Tax Credits (LIHTC) pursuant to Section 42 of the Internal Revenue Code (the "IRC") are required to comply with specific IRC rules and regulations for a minimum of fifteen (15) years. Since LIHTC compliance requirements are lengthy and complex, the LIHTC Manual (the "Manual") is intended to provide a basic explanation of them. The manual includes a description of key compliance requirements and copies of applicable federal regulations issued by the IRS and other Authorities. It also describes owner and management responsibilities, IRS regulations and forms, and state documents relating to compliance.

The scope of this Manual is limited and does not include a comprehensive description of the procedures to obtain a final allocation of credit following project completion. Persons interested in pursuing tax credit properties should first consult with persons familiar with the tax credit regulations, such as an attorney, CPA, or other tax credit advisor, and should consult the LIHTC Allocation Section of the Michigan State Housing Development Authority ("MSHDA" or "The Authority").

Note: Virtually every tax credit rule has a variation or an exception for specific circumstances. This manual, by necessity, oversimplifies some aspects; otherwise, no overview would be possible. It is the responsibility of the project owner and management company to be aware of applicable rules and regulations affecting the project and to ensure compliance with tax credit regulations and any additional contractual agreements with the Authority.

Should you have any questions or desire assistance meeting the LIHTC Program requirements, please contact:

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